CC: K. Haley 2/16/82

SENT
TELEX PR...
... 16 ... 05
PHILIP MORRIS INT'L

NNNNJBH

CS: 16-02-02
HAMISH MAXWELL

CC:
RWM, TG, WTM (PME)
F H DULLES, T M KEARNS, R L SNYDER, L POLLAK (PM NY)

FI TELEX - WEEK ENDING FEBRUARY 15, 1982

1. LEGAL

A) EEC

THE EUROPEAN COMMISSION ADVISED MR. WAELBROECK THEY HAD NOT YET STUDIED OUR FILE, AND ARE THEREFORE NOT YET READY TO MEET US AND TO UNDERTAKE DISCUSSIONS.

THE NEW EEC TEAM RESPONSIBLE FOR OUR CASE IS MADE UP OF MESSRS. MUSSARD AND FAULL. MUSSARD IS FRENCH, AND FAULL IS ENGLISH.

THE REMBRANDT BRIEF HAS NOT YET BEEN FILED, AND A NEW DRAFT IS BEING CIRCULATED THIS WEEK. IT IS PLANNED THAT THE BRIEF WILL BE FILED LATER IN THE MONTH. REMBRANDT'S LAWYERS TELEXED THE COMMISSION INDICATING THEIR TIME SCHEDULE.

IT IS PLANNED TO PREPARE A PRESENTATION ON THE TOBACCO INDUSTRY FOR THE BENEFIT OF MESSRS. MUSSARD AND FAULL.

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Source: https://www.industrydocuments.ucsf.edu/docs/...

Source: https://www.industrydocuments.ucsf.edu/docs/nwkx0000

IT HAS BEEN CONFIRMED THAT BAT HAVE LODGED A COMPLAINT WITH THE COMMISSION. UNDER EEC REGULATIONS, THE COMMISSION IS NOT OBLIGED TO PROVIDE US WITH A COPY OF THE COMPLAINT.

WE HAVE LEARNED THAT THE COMMISSION HAS ENGAGED PROF. H.W. DE JONG, AN ECONOMIST FROM AMSTERDAM UNIVERSITY, TO PREPARE AN INTERNAL STUDY ON THE IMPACT OF OUR INVESTMENT IN RTH ON THE DUTCH CIGARETTE MARKET.

PROF. DE JONG HAS ALREADY CONDUCTED VARIOUS STUDIES ON BEHALF OF THE EEC. WE WILL TRY, AT THE APPROPRIATE MOMENT, TO MAKE CONTACT WITH PROF. DE JONG.

PROF. ARMIN GUTOWSKY HAS SUBMITTED THE OUTLINE OF THE ECONOMIC STUDY HE WILL BE MAKING, BOTH IN GERMANY AND THE EEC.

B) GERMANY

A LETTER WAS RECEIVED FROM THE FCO CONCERNING INTERIM MEASURES. IN IT, THE FCO EXPRESSED ITS AGREEMENT TO NEGOTIATE MEASURES WITH BRINKMANN, AS OPPOSED TO IMPOSING AN ORDER. THE FCO INVITES THE PARTIES TO SUBMIT A WRITTEN OFFER, TO BE FOLLOWED BY A MEETING IN END FEBRUARY/EARLY MARCH.

THE UNDERTAKINGS THE FCO IS PREPARED TO ACCEPT ARE ESSENTIALLY AS WAS OFFERED BY OUR LAWYERS IN THE MEETING OF JANUARY 15. HOWEVER, THE FCO WANTS THE AGREEMENT TO INCLUDE ALSO BRINKMANN HOLDING GMBH, AND THAT RI AND RTH AGREE TO COMPLY WITH IT AS WELL. THIS ENTIRE SUBJECT WILL BE FURTHER DISCUSSED WITH OUR LAWYERS.

C) CANADA

A LETTER WAS RECEIVED FROM MR. BERNSTEIN OF FIRA, STATING THAT UNLESS PM FILES WITHIN 3 WEEKS, FIRA INTENDS TO ISSUE A LEGAL ORDER TO PM TO DO SO. DUE TO THE ABSENCE OF OUR LAWYERS, IT WAS SUGGESTED TO FIRA THAT THE 3-WEEK PERIOD WILL COMMENCE ON FEBRUARY 8 IN ANY CASE, IT IS INTENDED THAT THE MATTER BE DISCUSSED WITH SENIOR LEVELS OF FIRA, AS IT IS NOT PROPOSED THAT WE FILE.

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2. Political action

A) GERMANY

WE HAVE LEARNED THAT:

- THE SOUTH AFRICAN GOVERNMENT HAD OFFICIALLY PROTESTED TO THE [illegible] ABOUT THE PM'S INTENTION TO FORBID THE PM/REMBRANDT DEAL.

- FOLLOWING THE JANUARY 14TH MEETING BETWEEN RI AND UK GOVERNMENT, THE UK GOVERNMENT HAD PROTESTED IN A LETTER FROM THE SECRETARY OF STATE FOR TRADE TO THE FCO.

- AN OFFICIAL OF THE BRITISH MINISTRY OF TRADE WILL MEET WITH THE FCO IN BERLIN.

B) PROFESSOR ALBACH HAS SUBMITTED THE OUTLINE OF HIS ECONOMIC STUDY ON THE WEST GERMAN MARKET TO REMBRANDT.

C) FRANKFURTER ALLGEMEINE ZEITUNG ARTICLE

PRESS ARTICLES CONTINUED TO APPEAR ON OUR CASE, THE LATEST BEING AN ARTICLE IN THE FRANKFURTER ALLGEMEINE ZEITUNG ON FEBRUARY 9TH.

3. OPERATIONS

ET

REQUEST HAS NOW BEEN RECEIVED FROM TABACOFINA, AND WE HAVE ARRANGED FOR AEMETING AT BOZ ON MARCH 17TH TO DISCUSS THE PLANNED ET TRIALS.

PM HAS RECEIVED A REQUEST FROM CARRERAS ROTHMANS FOR PRODUCTION OF 50 TONS OF ET PER MONTH FOR A YEAR, FROM JULY 1982.

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Source: https://www.industrydocuments.ucsf.edu/docs/nqkx0000

4. Finance and Administration

A) 959 FILING

PROGRESS CONTINUES IN OBTAINING INFORMATION TO FILE 959 FORMS. INFORMATION HAS BEEN RECEIVED REGARDING THE CANADIAN, GERMAN AND DUTCH COMPANIES (TURMAC GROUP) AND CO-OPERATION ON THE OTHER COMPANIES HAS BEEN PROMISED (183 COMPANIES REMAIN INCOMPLETE).

959 FORMS COVERING 228 OUT OF THE 424 COMPANIES WERE LODGED WITH IRS ON FEBRUARY 12TH, 1982.

B) RTH BOARD MEETING

AT THE RTH BOARD MEETING ON 27TH JANUARY, STEPS WERE TAKEN TO TRANSFER TO RG NETHERLANDS ASSETS AND LIABILITIES NOT RELATING TO RI. ONLY SOME MINOR POINTS REMAIN TO BE RESOLVED.

A DIVIDEND OF POUNDS 787,000 WAS PAID BY RTH, AND HALF OF THIS WAS RECEIVED BY PM - NEW YORK ON THAT DAY. THE DIVIDEND EQUALS THE AMOUNT OF DIVIDEND RTH RECEIVED FROM RI.

C) ROTHMANS OF PALL MALL AUSTRALIA

RESULTS FOR THE HALF-YEAR ENDED 31ST DECEMBER 1981 WERE:

TURNOVER A DLRS 276.36 MILLION + 7.3 0/0
EARNINGS A DLRS 10.85 MILLION + 45.8 0/0

ROTHMANS HAS LIFTED ITS INTERIM DIVIDEND FROM 15 TO 20 CENTS A A SHARE.

D) ROTHMANS OF PALL MALL CANADA

RESULTS FOR THE NINE-MONTHS TO END OF DECEMBER 1981 WERE:

SALES C DLRS 876 MILLION + 12.6 0/0
EARNINGS C DLRS 25.9 MILLION - 26.4 0/0
EARNINGS PER SHARE C DLRS 4.45 MILLION + 3.0 0/0

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Source: https://www.industrydocuments.ucsf.edu/docs/nqkx0000

E) Underlying Profits

RESULTS FOR THE NINE-MONTHS TO END OF DECEMBER 1981 WERE:

SALES C DLRS 508 MILLION + 19.2 O/O
EARNINGS C DLRS 80.3 MILLION + 18.9 O/O
EARNINGS C DLRS 0.89 MILLION + 20.3 O/O
PER SHARE

5. SUBSIDIARY DEVELOPMENT

A) SWITZERLAND

IT WAS AGREED WITH MR. DE JAEGERE OF TABACOFINA THAT A STUDY WILL COMMENCE TO REVIEW THE POSITION OF LAURENS IN GENEVA. THE FIRST STEP WILL BE TO REVIEW ALL RELATED P.R. ISSUES. ONCE THIS STUDY HAS BEEN COMPLETED, A MEETING WILL BE HELD WITH TABACOFINA TO DISCUSS SUBSEQUENT STEPS.

B) PAKISTAN

K. OLIVER WILL GO TO PAKISTAN VERY SHORTLY TO BEGIN A STUDY CONCERNING THE POSSIBLE MERGER OF PTI AND LAKSON INTERESTS. RI HAVE A FIRST OPTION ON SOME LAKSON SHARES.

C) BANGLADESH

PM HAS RECENTLY REGAINED THE K2 TRADEMARK RIGHTS. K. OLIVER WILL ALSO STUDY THE SITUATION IN BANGLADESH, PARTICULARY THE POSITION OF DACCA TOBACCO AND ITS ABILITY TO PRODUCE UNDER LICENSE FOR PM (AND CARRERAS ROTHMANS IF POSSIBLE).

D) INDIA

WE ARE ADVISED THAT RI MADE A DECISION IN PRINCIPLE TO LICENSE THEIR BRANDS TO GPI. RI WILL WITHDRAW FROM NEGOTIATIONS WITH NTC AS DISCRETELY AS POSSIBLE, TO AVOID UNPLEASANTNESS.

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Source: https://www.industrydocuments.ucsf.edu/docs/nqkx0000

E) IRELAND

THE PROPOSED DISTRIBUTION BY CARROLLS OF MARLBORO HAS REACHED A STAND-STILL. IT WAS ORIGINALLY PLANNED THAT RI COMPENSATE CARROLLS FOR DISTRIBUTING MARLBORO BY GIVING IT PRODUCTION VOLUME EQUIVALENT TO THE MARLBORO SALES VOLUME. HOWEVER, IT NOW APPEARS THAT THE MARLBORO QUESTION HAS BECOME ENTANGLED WITH THE ''LONDON'' QUESTION, AS RI IS ASKING CARROLLS TO CEASE MANUFACTURING THE LONDON BRAND UNDER LICENSE AND THAT CARROLLS IS INSISTING THAT RI GUARANTEE THEM SUFFICIENT SUBSTITUTE VOLUME.

NO QUICK RESOLUTION OF THIS MATTER IS FORESEEN.

F) NIGERIA

DISCUSSIONS COMMENCED WITH RI CONCERNING THE POSSIBLE PRODUCTION BY INTERNATIONAL CIGARETTE COMPANY UNDER LICENSE OF CONSULATE.

G) MALAYSIA

THE LATEST INFORMATION AVAILABLE IS THAT THE CONTRACT CONCERNING THE JOINT VENTURE IS EXPECTED TO BE SIGNED IN HONG KONG ON FEBRUARY 16 OR 17, DURING THE VISIT THERE OF SAM VESSEY, THE MANAGING DIRECTOR OF RFM MALAYSIA.

H) JAMAICA/CANARY ISLANDS

DISCUSSIONS TOOK PLACE WITH MESSRS. V. BRINK AND P. GILPIN CONCERNING THE POSSIBILITY OF MANUFACTURING MARLBORO UNDER LICENSE IN JAMAICA AND OF MANUFACTURING ROTHMANS UNDER LICENSE IN THE CANARY ISLANDS BY THE LOCAL RM AFFILIATE.

RI INDICATED INTEREST IN BOTH PROJECTS, AND FURTHER CONTACTS WILL BE MADE.

6. GENERAL

A) ROTHMANS OF PALL MALL MALAYSIA -- EXTRAORDINARY GENERAL MEETING WILL TAKE PLACE AT THE END OF MARCH TO APPROVE BONUS SHARE ISSUE [illegible]

Source: https://www.industrydocuments.ucsf.edu/docs/mqbc0000

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B) ROTHMANS INDUSTRIES SINGAPORE - EXTRAORDINARY GENERAL MEETING WILL BE HELD IN MID MARCH TO APPROVE A BONUS ISSUE AFTER A FOR ONE FOLLOWING THE RECENT SCHEME OF ARRANGEMENT. IN THE MEANTIME, TRADING IN THIS COMPANY'S SHARES COMMENCED ON THE SINGAPORE STOCK EXCHANGE.

C) THE RAIMBRAND GROUP TRADEMARK CONFERENCE HAS NOW BEEN CONFIRMED FOR THE WEEK OF MARCH 22, AND THE PARTICIPATION OF RI REPRESENTATIVES HAS ALSO BEEN CONFIRMED.

D) SHARE PRICES

FOLLOWING ARE SHARE PRICES OF RI PUBLIC COMPANIES AS AT FEBRUARY 12, 1982 (PREVIOUS WEEK'S PRICE IN BRACKETS):

	FEBRUARY 1982	
	12	(5)
ROTHMANS INTERNATIONAL (POUNDS)	80 P. 77.5	(82 P.) 76.3/4
RI CONVERTIBLE POUNDS/DM BONDS (DM)	3.022.50	(2.992.50)
DUNHILL (POUNDS)	260 P.	(260 P.)
CARROLLS (IRISH POUNDS)	59 P.	(61 P.)
TABACOFINA (BF)		
- FORWARD	3.300	(3.240)
- SPOT	3.285	(3.200)
ROTHMANS OPALL MALL CANADA (CAN DLRS)		
- COMMON	22 1/4	(22 1/4)
- PREFERRED B	9 1/4	(8 3/4)

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Source: https://www.industrydocuments.ucsf.edu/docs/nqkx0000

CARLING O'KEEFE (CAN DLRS)		
- COMMON	5 7/8	(6)
- PREFERRED A	15 3/4	(N/A)
- PREFFERED B	N/A	(18)
ROTHMANS OF PALL MALL AUSTRALIA (AUS DLRS)		
- SYDNEY	4.80	(4.70)
- MELBOURNE	4.92	(4.80)
ROTHMANS INDUSTRIES, N.Z. (NZ DLRS)	1.80	(1.84)
ROTHMANS OF PALL MALL MALAYSIA (SING. DLRS)	6.40	(6.90)
ROTHMANS INDUSTRIES LTD. (SING. DLRS)	6.80	(6.95)

REGARDS

E. HOUMINER
+++JM

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Source: https://www.industrydocuments.ucsf.edu/docs/nqkx0000